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Approved For Release 2001/08/31 : CIA-RDP79S01011A000900010026-2

ONI ADDITIONS TO SE-37

Page 3, para 3. ONI Footnote. *Law*

"The Director of Naval Intelligence believes that this paragraph, and the supporting discussion on which it is in part based (paragraphs 49-51), do not adequately reflect the probable effects of a naval blockade upon inland transportation. This belief is based upon the following considerations:

(a) Estimates of capacity of the inland transportation systems serving Communist China are predicated to a large extent upon incomplete and insufficiently corroborated evidence. For this reason, these estimates should be regarded with reserve as being subject to a possible large margin of error. On the other hand, the minimum amount of seaborne tonnage entering and leaving Communist China is known from reliable information, including ship movements, visual observations, and masters reports.

(b) The seaborne tonnages derived as above represent a minimum. It is believed that the actual figure is larger, but the extent of the increase cannot be determined due to inability to determine all cargo tonnage actually carried. The capacity of the shipping serving Communist China is many times larger than the known cargo tonnage.

(c) In arriving at an estimate of the ability of the inland transportation system to absorb the tonnages now seaborne, this paper therefore deals on the one hand with estimated figures of rail capacity, of questionable reliability, and on the other hand, with actual minimum figures of seaborne tonnage. It does not attempt to compare estimated rail capacity with known shipping capacity.

~~while subscribing to the last sentence of the 11,~~
The Director of Naval Intelligence therefore believes that the transportation burdens imposed upon Communist China by a naval blockade may well be considerably greater than is indicated by this paragraph."

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SECURITY INFORMATION

Page 23 - ONI reservation.

"The Director of Naval Intelligence desires to point out that a considerable portion of Chinese Communist shipping would have to be diverted from North China ports to supply the South China coastal area. Such diversion would reduce the shipping available in the industrial North for the distribution of coal and POL and manufactured products."

Page 42, (add to DNI footnote.

"The degree of US material and training support needed to achieve this result would be at the minimum:

- a. Increasing U.S. aid (including spare parts and equipment) ~~to the~~
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extent that the vessels now commissioned in the Nationalist Navy would be capable of operating effectively at least 50% of the time.
- b. Instituting a vigorous training program which would include vessels operating with U.S. underway training groups.
- c. Insisting that the Chinese Nationalist Air Force exert maximum effort to provide air search cover and for blockading units.
- d. Insuring that Nationalist crews receive a proportionate share of all prizes."

Page 2, footnote change to read:

"A naval blockade of Coastal China would not cut off seaborne trade be completely effective unless it included Port Arthur and Dairen and unless trade with mainland China through Hong Kong and Macau were prevented."